

PUBLIC DISCLOSURE

October 1, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CHARLES RIVER BANK

CERT # 23345

**70 MAIN STREET
MEDWAY, MA 02053**

**Division of Banks
1000 Washington Street
Boston, MA 02118**

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| <p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.</p> |
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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Charles River Bank (or the “Bank”)** prepared by the Division, the institution's supervisory agencies, as of **October 1, 2012**. The agency evaluates the performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory.”

An institution in this group has a reasonable record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. Small Bank CRA evaluation procedures as established by the Federal Financial Institutions Examination Council (FFIEC) were utilized to assess the Bank's CRA performance. Small Bank Institution CRA evaluation procedures are utilized for institutions with assets of less than \$290 million as of December 31st of either of the prior two calendar years. Small Bank CRA evaluation procedures consist of a review of the five lending criteria: Loan-to-Deposit (“LTD”) Ratio; Assessment Area Concentration; Borrower Profile; Geographic Distribution; and Response to CRA Complaints. The rating is supported by the following conclusions:

- The Bank's averaged loan-to-deposit ratio represents 74.1 percent and is reasonable given the institution's size, financial condition, business strategy, and assessment area credit needs.
- A majority of the Bank's home mortgage lending are inside the Bank's assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration among individuals of different income levels (including low- and moderate-income).
- The geographic distribution of home mortgage loans reflects a reasonable dispersion throughout the assessment area.
- The Bank has not received any CRA-related complaints since the last CRA evaluation.

SCOPE OF THE EXAMINATION

The examination focused on home mortgage lending. The CRA evaluation considered home mortgage activity from January 1, 2010 through December 31, 2011 and the first quarter of 2012.

A review of the Bank's loan portfolio illustrated the Bank's primary lending focus is home mortgage lending. Information concerning home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the Bank, pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs contain data about home purchase and home improvement

loans, including refinancing, of one- to four-family and multifamily (five or more units) properties. The primary focus and information presented in the tables is the Bank's HMDA lending performance in 2010, as this is the most recent year for which aggregate HMDA lending data is available. The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all HMDA reporting lenders that extended loans in the Bank's assessment area. Residential lending for 2011 was also analyzed to identify any significant trends or anomalies. Reference to the first three quarters 2012 data is included in the in the text to show trends and anomalies in comparison with 2010 and 2011 lending patterns.

Demographic information is from the 2000 U.S. Census unless otherwise noted. Financial data was derived from the June 30, 2012 Report of Condition and Income (Call Reports).

PERFORMANCE CONTEXT

Description of Institution

Charles River Bank was originally chartered in 1915 and was established under the name Medway Co-operative Bank.

The main office is located at 70 Main Street in Medway, Massachusetts. Since the previous CRA evaluation the Bank expanded and opened two full services branches. In March 2009, the Bank opened a branch at 2 South Maple Street in Bellingham, Massachusetts and in April 2010, the Bank opened a branch at 1 Hastings Street in Mendon, Massachusetts. There is also a branch located at the Medway High School.

Branch hours are reasonable and convenient. The Bank's lobby hours at all branches are Monday through Wednesday 8:30 a.m.–4:00 p.m. with extended hours until 7:00 p.m. on Thursday and 5:00 p.m. on Friday. The branches are open on Saturday from 9:00 a.m. to 1:00 p.m. The drive up hours are an hour earlier at 7:30 a.m. at the Bellingham and Medway (main) branch and at 8:30 a.m. in Mendon. The Bank has three ATM's, all of which are in the SUM Network and MoneyPass networks providing customer access to surcharge free ATMs. All branches have a drive through ATM and the main branch has an additional walk up ATM. The Medway High School branch is open when school is in session, Monday through Friday 10:00 a.m. to 12:45 p.m. The Bank also has a 24 hour online banking services which is accessed through the Bank's website at www.charlesriverbank.com. The online banking feature is called "Click24." Customers can pay bills, check account balances, and execute money transfers.

The Bank offers owner occupied residential mortgage loans on new or existing single unit and 2-4 unit residences; construction mortgages to finance the construction of residences; home equity loans and lines of credit; auto loans; and commercial real estate loans. Charles River Bank is an approved lender under the Massachusetts Housing Finance Agency which provides funding at market or below market rates to low- and moderate-income residents of Massachusetts. Charles River Bank is also an approved Small Business Administration Lender. The Bank provides financing to qualified small business owners with annual revenues under \$1 million.

As of June 30, 2012, the Bank's assets totaled \$200,785,000 and net loans totaled \$121,200, or 60.3 percent of total assets. Since the prior evaluation, the Bank's asset size increased 25.8 percent and total loans increased at 20.0 percent. Table 1 illustrates the current distribution of the Bank's loan portfolio based on the Federal Financial Institutions Examination Council ("FFIEC") Call Report as of June 30, 2012.

| Table 1 - Loan Distribution as of June 30, 2012 | | |
|--|------------------------------------|-----------------------------------|
| Loan Type | Dollar Amount \$(000's) | Percent of Total Loans |
| Construction and Land Development | 4290 | 3.5 |
| 1-4 Family Residential | 85,339 | 70.5 |
| Multi-Family (5 or more) Residential | 3,492 | 2.8 |
| Commercial | 22,230 | 18.3 |
| Total Real Estate Loans | 115,351 | 95.1 |
| Commercial and Industrial | 4,998 | 4.1 |
| Consumer | 835 | 0.7 |
| All other loans | 16 | 0.1 |
| Total Loans | 121,200 | 100.0 |

Source: FFIEC Call Report June 30, 2012

Table 1 illustrates that the Bank is primarily a real estate lender, with a majority of the loan portfolio secured by 1-4 family residential real estate. As noted in Table 1, approximately 70.3 percent of the loans are secured by 1-4 family residential real estate properties, followed by commercial real estate at 18.3 percent, commercial and industrial loans at 4.1 percent, construction and land development loans at 3.5 percent, multi-family residential real estate properties at 2.8 percent, other loans at 0.1 percent, and consumer loans at 0.7 percent. Total real estate loans account for 95.1 percent of the total loan portfolio.

The Bank received a CRA rating of “Satisfactory” from the Division at the previous CRA evaluation dated March 31, 2008.

There are no apparent financial or legal impediments that would limit the Bank’s ability to help meet the credit needs of its assessment area. Based upon the Bank’s asset size, product offerings, and branch network, its ability to meet the assessment area’s credit needs remains strong.

Description of the Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Bank’s assessment area as currently defined meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions, (2) includes the geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries (unless permitted otherwise by the regulation), (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

Refer to Table 2 for pertinent demographic information concerning the assessment area.

| Table 2 Demographic Information | | | | | |
|--|---------|---------------|----------------------|------------------|-----------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # |
| Geographies (census tracts) | 31 | | 3.2 | 45.2 | 51.6 |
| Population by Geography | 182,331 | | 2.1 | 44.0 | 53.9 |
| Owner-Occupied Housing by Geography | 50,632 | | 1.2 | 42.8 | 56.0 |
| Family Distribution by Income Level | 49,144 | 11.6 | 14.3 | 23.5 | 50.6 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 12,890 | 17.5 | 13.7 | 18.2 | 50.6 |
| Median Family Income (2000) | | \$72,249 | Median Housing Value | | \$210,012 |
| Boston-Quincy MD- HUD Adjusted MFI 2011 | | \$87,600 | Unemp Rate 2000 | | 2.7% |
| Worcester MSA HUD Adjusted MFI | | \$82,500 | Unemployment Rate | | 6.5% |
| Families Below Poverty Level | | 2.8% | September 2012 | | |

Source: 2000 US Census, 2011, 2011 HUD updated Median Family Income (MFI), 2011 Bureau of Labor Statistics

The Bank has defined its assessment area to include the towns of Bellingham, Franklin, Medway, Millis, Norfolk, which are located in Norfolk County and are in the Boston-Quincy, MA Metropolitan Division (MD). Blackstone, Hopedale, Mendon, Milford, Millville, Northbridge, Upton, and Uxbridge are all located in Worcester County and are in the Worcester Metropolitan Statistical Area (MSA). The towns of Holliston and Hopkinton are both in the Middlesex County.

As the data in Table 2 show, the Bank's assessment area consists of thirty one census tracts, including one moderate-, fourteen middle- and sixteen upper-income census tracts. There are no low-income census tracts in the assessment area.

The assessment area has a total population of 182,331 residing in 49,144 family households. Of all family households in the area, 11.8 percent are low-income, 14.4 percent are moderate-income, 23.3 percent are middle-income, and 50.5 percent are upper-income. In addition, 2.8 percent of all families have incomes below the poverty level. This poverty rate typically indicates a reduced ability to secure a mortgage loan, thereby reducing a financial institution's ability to penetrate these markets through residential loan products.

The assessment area consists of 68,852 total housing units, of which 50,632 or 76.9 percent are owner-occupied, 13,783 or 20.9 percent are rental units and 1,437 or 2.2 percent are vacant units. The median housing value in 2000 for the assessment area was \$207,991 and the median age of the housing stock was 31 years. Recent figures from the Warren Group show that the assessment area's median home prices as of September 2012 was \$298,250 which is a decrease from the 2011 median home price of \$300,000. The assessment area's median home prices as of September 2012 ranged from a low of \$213,450 in Blackstone to a high of \$536,400 in Hopkinton.

The unemployment rate statewide for Massachusetts is 6.5 percent according to September 2012 statistics gathered from the Bureau of Labor Statistics. This represents a decrease compared to 2010 and 2011, when the unemployment rate in Massachusetts was 8.3 percent and 7.4 percent, respectively. As of September 2012, the unemployment statistics for the towns in the assessment area per the Massachusetts Department of Labor and Workforce Development were: Millville 8.5 percent, Blackstone 8.0 percent, Bellingham 7.8 percent, Uxbridge 6.7 percent, Northbridge 7.2 percent, Franklin 5.3 percent, Holliston 4.6 percent, Hopedale and Millis 5.2 percent, Medway 4.4 percent, Milford and Norfolk 5.4 percent, Hopkinton and Mendon 4.8 percent and Upton 4.5 percent.

The Bank faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size from mortgage companies to largest National Banks. Among the more prominent lenders competing with the Bank are Bank of America, Wells Fargo Bank, JPMorgan Chase Bank, and Ally Bank.

Community Contact

A community contact was conducted in conjunction with this CRA evaluation. The contact was conducted with a local housing authority. The contact noted there is a lack of affordable rental housing units in the area and there are opportunities for local financial institutions to provide financing for the development of new units. Additionally, there is a need for more flexible lending programs for local homeowners. Overall, financial institutions could do more to adequately serve the community needs of the area.

Based on a review of demographic data and discussions with a local housing authority, the assessment area has no one primary credit need. The area's residents need a variety of retail loan products to meet personal needs and an array of home financing programs for the purchase, construction, improvement, or refinance of a residence. The area's business base also requires numerous commercial credit options to meet a wide variety of financing purposes.

PERFORMANCE CRITERIA

The Small Institution CRA evaluation procedures utilize five performance criteria: Loan to Deposit ratio, assessment area concentration, lending to borrowers of different incomes (borrower profile), geographic distribution of loans, and the Banks record of taking action in response to CRA complaints.

1. LOAN TO DEPOSIT ANALYSIS

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans and evaluates its appropriateness. An analysis was conducted of Charles River Bank's quarterly net LTD ratios for the 18 quarters since the prior Division's CRA evaluation. The quarters reviewed include those ending March 31, 2008 through June 30, 2012. These ratios are based on total loans, net of unearned income and net of the allowance for loan and lease losses, as a percentage of total deposits.

The Bank's average quarterly net LTD ratio over the period reviewed was 76.3 percent and is considered reasonable given the Bank's size financial condition and the assessment area credit needs. Over the past 18 quarters, the net LTD ratio for this period has varied from a high of 89.2 percent (June 2008) to a low of 68.0 percent (December 2009). The resulting average LTD ratio was compared against the average LTD ratios of two similarly situated institutions.

| Table 3 | | |
|--|---|--|
| Peer Group Loan-to-Deposit Comparison | | |
| Institution Name | Total Assets ('000s) as of 6/30/2012 | Average Net LTD Ratio as of 6/30/2012 |
| Dean Cooperative Bank | 230,775 | 86.7 |
| Charles River Bank | 200,785 | 76.3 |
| Wrentham Cooperative Bank | 100,288 | 60.6 |

Source: June 30, 2012 Call Report

At 76.3 percent, the Bank's average net LTD is reasonable when compared to two other similarly situated institutions.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area.

Based on a review of home loan data, 80.6 percent of the Bank's lending activity occurred within the institution's assessment area. Table 4 illustrates the Bank's record of extending residential mortgage loans inside and outside the assessment area by number and dollar amount over the period reviewed.

| Table 4 Distribution of Loans Inside and Outside of Assessment Area | | | | | | | | | | |
|--|--------------|-------------|-----------|-------------|------------|---------------|-------------|---------------|-------------|---------------|
| Loan Category | Number Loans | | | | | Dollar Volume | | | | |
| | Inside | | Outside | | Total | Inside | | Outside | | Total |
| | # | % | # | % | | \$ | % | \$ | % | |
| 2010 | | | | | | | | | | |
| Home Purchase | 35 | 81.3 | 8 | 18.7 | 43 | 7,466 | 79.5 | 1,928 | 20.5 | 9,394 |
| Refinance | 145 | 84.3 | 27 | 15.7 | 172 | 28,313 | 84.4 | 5,244 | 15.6 | 33,557 |
| Home Improvement | 12 | 63.2 | 7 | 36.8 | 19 | 2,205 | 63.3 | 1,273 | 36.7 | 3,478 |
| Total | 192 | 85.7 | 42 | 18.7 | 234 | 37,984 | 81.8 | 8,445 | 18.2 | 46,429 |
| 2011 | | | | | | | | | | |
| Home Purchase | 37 | 75.5 | 12 | 24.5 | 49 | 8,070 | 73.5 | 2,899 | 26.5 | 10,969 |
| Refinance | 86 | 80.0 | 22 | 20.0 | 108 | 15,401 | 79.7 | 3,901 | 20.3 | 19,302 |
| Home Improvement | 11 | 84.6 | 2 | 15.4 | 13 | 1,543 | 87.1 | 232 | 12.9 | 1,772 |
| Total | 134 | 78.8 | 36 | 21.2 | 170 | 25,014 | 78.1 | 7,032 | 21.9 | 32,046 |
| Total Home Loan | 326 | 80.6 | 78 | 19.4 | 404 | 62,998 | 78.1 | 15,474 | 21.9 | 78,472 |
| <i>Source: 2010 and 2011 HMDA LARs provided by Bank</i> | | | | | | | | | | |

A majority of loans were made within the Bank's assessment area. As shown in Table 4, the Bank originated 326 home loans totaling \$62.9 million within the assessment area during the time period under review. This represents 80.6 percent of the total number of home loans and 78.1 percent by dollar volume. The distribution of loans by number bears more weight on the Bank's rating than the distribution by dollar amount, as the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans.

Although not represented in the chart, year to date data for 2012 (as of September 30, 2012) demonstrates similar performance can be expected by the completion of the year. It should be noted the Bank's 2012 data was evaluated using the 2010 census.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

This performance criterion evaluates the distribution of a Bank's residential loans based on borrower characteristics. Analysis was conducted of the Bank's residential mortgage loans inside the assessment area based on borrower income.

Overall, given the demographics of the assessment area, the distribution of borrowers reflects an excellent distribution among individuals of different income levels and businesses of different sizes, including those of low- and moderate-income.

The residential lending data was reviewed to assess how well the Bank is addressing the housing credit needs of the area's low-, moderate-, middle-, and upper-income residents. Special consideration is placed on the Bank's record of lending to low- and moderate-income borrowers residing in the assessment area. Refer to Table 5 for the distribution of home loans by borrower income:

| Table 5 Distribution of Residential Loans by Borrower Income | | | | | | | |
|---|--|---------------------------|--------------|----------------|--------------|------------------------|--------------|
| Borrower Income Level | Family Distribution by Income Level | 2010 Bank Lending Data | | 2010 Aggregate | | 2011 Bank Lending Data | |
| | | # | % | # | % | # | % |
| Low | 11.6 | 12 | 6.2 | 391 | 2.9 | 13 | 9.7 |
| Moderate | 14.3 | 31 | 16.1 | 1680 | 12.3 | 28 | 20.9 |
| Middle | 23.5 | 52 | 27.1 | 3097 | 22.6 | 43 | 32.1 |
| Upper | 50.6 | 95 | 49.5 | 6,589 | 48.2 | 48 | 35.8 |
| NA | 0.0 | 2 | 1.1 | 1,919 | 14.0 | 2 | 1.5 |
| Total | 100.0 | 192 | 100.0 | 13,676 | 100.0 | 134 | 100.0 |

Source: U.S. Census (2000), HMDA LAR 2010 and 2011 and Home Mortgage Aggregate Data 2010.

As indicated in the table above, in 2010 the Bank originated 6.2 percent of its loans to low-income borrowers. This exceeded aggregate lending data (2.0 percent), but fell below demographic data, as 11.6 percent of families in the assessment area are low-income families. In 2011, despite the overall volume of lending having decreased, the Bank increased its percentage of lending to low-income borrowers to 9.7 percent of total home loans. The Bank fell short of demographic data (14.4 percent of families).

The Bank's performance in terms of lending to moderate-income borrowers consisted of 16.1 percent of loans in 2010. The Bank outperformed the aggregate lenders at 12.3 percent. The Bank also outperformed demographic data, as 14.3 percent of families were moderate-income. The Bank made 20.9 percent of loans to moderate-income individuals in 2011. Although not represented in the chart, the Bank's lending for year to date 2012 (as of September 30, 2012) demonstrates a consistent trend to the prior year performance in lending to low and moderate income borrowers. The Bank's overall performance in lending to moderate-income borrowers reflects excellent distribution.

Charles River Bank offers loan products through the Mass Housing Finance Agency. These loan products assist low- to moderate-income homebuyers and existing homeowners with low downpayment options, fixed rates, low fees and discounted interest rates. In 2010 and 2011, Charles River Bank originated 41 loans totaling \$8,194,237 in dollar volume. Year to date 2012 figures demonstrate the Bank originated 25 MassHousing loans totaling \$5,082,513 in dollar volume.

4. GEOGRAPHIC DISTRIBUTION

The geographic distribution evaluates the distribution of the Bank's loans within the assessment area by census tract income level, with emphasis on lending in low- and moderate-income census tracts, to assess how well the Bank is addressing the credit needs throughout the assessment area. As mentioned previously, the Bank's assessment area contains 31 census tracts, of which there are no low-income tracts, 1 moderate-income, 14 are middle-income, and 16 are upper-income.

The overall distribution of the Bank's residential mortgage reflects a reasonable dispersion throughout the assessment area.

The following table contains detailed data on the distribution of the Bank's residential loans by income level of the census tracts in its assessment area. Demographic information is included for comparison purposes.

| Table 6 Distribution of Residential Loans by Census Tract Income | | | | | | | |
|---|---|------------------------|--------------|----------------|--------------|------------------------|--------------|
| Census Tract Income Level | % of Total Owner Occupied Housing Units | 2010 Bank Lending Data | | 2010 Aggregate | | 2011 Bank Lending Data | |
| | | # | % | # | % | # | % |
| Moderate | 1.2 | 3 | 1.6 | 79 | 0.6 | 0 | 0.0 |
| Middle | 45.5 | 63 | 32.8 | 5,129 | 37.5 | 54 | 41.7 |
| Upper | 53.3 | 126 | 65.6 | 8,468 | 61.9 | 80 | 58.3 |
| Total | 100.0 | 192 | 100.0 | 13,676 | 100.0 | 134 | 100.0 |

Source: U.S. Census (2000), HMDA LAR 2010 and 2011 and Home Mortgage Aggregate Data 2010.

As presented in the above table, in 2010, the Bank's lending performance to the one moderate income tract located in Milford exceeded the aggregate lenders (0.6 percent) and also the percentage of owner occupied housing units (1.2 percent).

In 2011, the Bank's lending volume decreased, and the Bank did not originate any loans in the one moderate-income census tract. This performance is still considered reasonable due to the nominal percentage of owner-occupied housing units within the assessment area's moderate income tracts (1.2) and high level of competition from surrounding financial institutions in the assessment area, reflecting limited residential lending opportunities. Although not represented in the chart, year to date 2012 data (as of September 30, 2012) demonstrates a positive trend from the prior year performance with the addition of one loan within one of the Bank's moderate income tract. The 2012 data must be analyzed using the 2010 Census data. With the 2010 Census, there is a change in the Bank's Assessment Area. The Bank's assessment area changes from 31 census tract to 34 census tracts and the change adds 2 moderate tracts which are in the towns of Milford and Northborough.

The Bank originated a relatively small number of loans overall, a small change in the Bank's lending patterns would have a relative large effect on the percentage of lending in each category.

5. RESPONSE TO CRA COMPLAINTS AND FAIR LENDING

Charles River Bank's fair lending performance was reviewed to determine how it conforms to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

A review of the public comment file indicated the Bank received no complaints pertaining to the institution's CRA performance since the previous examination. In addition, a review of the Bank's residential loan application files was conducted. No indication of disparate treatment or impact was revealed.

The Bank has a second review process to ensure all applications are evaluated consistently. Overall, the institution's fair lending policies and procedures were deemed satisfactory.

MINORITY APPLICATION FLOW

Charles River Bank's LARs for 2010 and 2011 were reviewed to determine if the application flow from the different racial and ethnic groups within the assessment area was reflective of the area's demographics.

According to the 2000 U.S. Census Data, the Bank's assessment area contained a total population of 182,331 individuals of which 5.2 percent are minorities. The assessment area's minority and ethnic population is 1.2 percent Asian/Pacific Islander, 1.0 percent Black/African American, 0.1 percent American Indian, 1.8 percent Hispanic or Latino and 1.1 percent other.

For 2010 and 2011, the Bank received 382 HMDA reportable loan applications from within its assessment area. Of these applications, 11 or 2.9 percent were received from minority applicants, of which 7 or 1.8 percent resulted in originations. For the same time period, the Bank also received 6 or 1.6 percent of applications from ethnic groups of Hispanic origin within its assessment area of which all applications resulted in originations.

The Bank's level of lending was compared with that of the aggregate's lending performance levels for the most recent year that data was available, the year 2010. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants.

The Bank's performance was below the 2010 aggregate's performance level for racial and ethnic minority applicants and also below the majority of the demographic indicators in the assessment area. The Bank received 2.3 percent from racial minorities, while the aggregate was 4.8 percent. For applicants of Hispanic ethnicity, the Bank received 0.9 percent of applications from this ethnic minority while the aggregate received 1.4 percent. The data for 2011 demonstrates an increase in applications from both racial and ethnic minorities. The Bank continues to enhance and increase its outreach efforts to attract different segments of the population within its assessment area. Charles River Bank's efforts to enhance outreach include conducting first time homebuyer seminars and active involvement in the community through donations and services to many community based organizations. Charles River Bank also promotes Bank initiatives through its website and other multi-media sources. Additionally, Charles River Bank participates with several elementary and middle schools through a program called Super Savers, where

APPENDIX A

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family

or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 70 Main Street, Medway, MA 02053

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.